

General Information Letter: Failure of current officers and shareholders of a corporation to pay payroll taxes of the corporation arising prior to their taking control may subject such persons to penalty.

August 24, 2001

Dear:

This is in response to your letter which we received August 20, 2001 in which you state the following:

On October 1st, 1996, I xxxxxxxxxxxx and xxxxxxxxxxxx purchased xxxxxxxxxxxxxxxxxxxxxxxxxx and also purchased all shares of stock for the corporation. As of October 1, 1996 xxxxxxxxxxxx and xxxxxxxxxxxx assumed the officer's positions of president and secretary respectively, therefore relieving xxxxxxxxxxxx of all ownership rights, responsibilities and any and all corporate positions and responsibilities. As the new officers of the corporation we never filed our annual corporate returns, therefore the states' records did not reflect the current corporate officers names (xxxxxxxxxxx & xxxxxxxxxxxx). This was a mistake on our part not xxxxx xxxxxxxx, as our lawyer and accountant never informed us of any such need to file these papers with the state. I regret any problems this has caused and I am willing to provide any information to clear this matter. Please find enclosed with this letter an additional letter explaining why I feel this matter got so out of hand.

Your attached letter stated as follows:

When I still owned xxxxxxxxxxxxxxxxxxxx, a woman named Pam Johnson came to see me. She told me she worked for the Illinois Department of Revenue, and that there were some papers that should have been filed that had not been. She also told me that the corporation owed some money. I then called my accountant and he gave me a figure that I needed to send in to the state. One week later I went to see Pam Johnson and gave her a check for some of the money owed, in the following weeks I sent in additional checks to try to get caught up. Then some time after I closed the shop I got a letter from a man named Felio Tuazon. He told me there was some unpaid months of taxes. I told him that when Pam Johnson first talked to me she told me that if I didn't pay the money owed that the state would close my shop and that I did pay whatever money she said was owed. Mr. Tuazon then told me that the money owed was not for those months but for months later in the year. I then explained to him that I closed my shop in October, 1998 and that the months in question occurred after the shop was closed. He said he was going to send me some papers that I would have to fill out and then send them back to him. I filled out the papers as best as I could and brought them to Mr. Tuazon's office. We spoke on the phone a week or two later and he told me that he was going to recommend that the matter be considered closed. That was a year and a half ago and I did what he said and considered the matter closed.

I hope this will help explain why so much time has passed and why things got so out of hand.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill. Adm. Code §1200, or on the website <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

A review of our files shows that you owe approximately Twelve Thousand Three Hundred Twenty Five Dollars (\$12,325.00), consisting of retailers' occupation taxes, penalties and interest. The tax was computed based upon the tax returns which you filed as well as the Department's calculation of your taxes for the months of August, September and October of 1998. The collection of your tax debt has been turned over by the Department to a Collection Agency. You will need to contact that Collection Agency in order to make arrangements for payment. The name and contact information for the Collection Agency is: xxxxxxxxxxxxxxxxxxxxxxxxxxxx, xxxxxxxxxxxxxxxxxxxxxxxxxxxx, xxxxxxx, IL xxxxx, (xxx) xxx-xxxx. You may contact supervisor xxxxxxxxxxxx to discuss your file.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Matthew S. Crain
Staff Attorney -- Income Tax